

NUCOR CORP
Form 10-Q
August 05, 2008

Second
Quarter
2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO
SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For quarterly period ended **June 28, 2008**

Commission file number **1-4119**

NUCOR CORPORATION
(Exact name of registrant as specified in its
charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

13-1860817
(I.R.S. Employer
Identification No.)

1915 Rexford Road, Charlotte,
North Carolina
(Address of principal executive
offices)

28211
(Zip Code)

(704) 366-7000
(Registrant's telephone number, including area
code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

316,576,391 shares of common stock were outstanding at June 28, 2008.

Nucor Corporation
Form 10-Q
June 28, 2008

INDEX

		Page
Part I	Financial Information	
Item 1	Financial Statements (unaudited)	
	Condensed Consolidated Statements of Earnings - Six Months (26 Weeks) and Three Months (13 Weeks) Ended June 28, 2008 and June 30, 2007	3
	Condensed Consolidated Balance Sheets - June 28, 2008 and December 31, 2007	4
	Condensed Consolidated Statements of Cash Flows - Six Months (26 Weeks) Ended June 28, 2008 and June 30, 2007	5
	Notes to Condensed Consolidated Financial Statements	6
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	16
Item 3	Quantitative and Qualitative Disclosures About Market Risk	22
Item 4	Controls and Procedures	23
Part II	Other Information	
Item 1A	Risk Factors	23
Item 4	Submission of Matters to a Vote of Security Holders	23
Item 6	Exhibits	24
	Signatures	24
	List of Exhibits to Form 10-Q	25

PART I. FINANCIAL INFORMATION**Item 1. Financial Statements****Nucor Corporation Condensed Consolidated Statements of Earnings (Unaudited)**

(In thousands, except per share amounts)

	Six Months (26 Weeks) Ended		Three Months (13 Weeks) Ended	
	June 28, 2008	June 30, 2007	June 28, 2008	June 30, 2007
Net sales	\$ 12,064,868	\$ 7,936,995	\$ 7,090,599	\$ 4,168,110
Costs, expenses and other:				
Cost of products sold	9,951,247	6,395,503	5,879,655	3,403,905
Marketing, administrative and other expenses	389,886	285,135	220,172	148,925
Interest expense (income), net	45,079	(4,183)	26,734	4,979
Minority interests	179,707	138,159	87,936	77,587
	10,565,919	6,814,614	6,214,497	3,635,396
Earnings before income taxes	1,498,949	1,122,381	876,102	532,714
Provision for income taxes	508,441	396,502	295,348	187,864
Net earnings	\$ 990,508	\$ 725,879	\$ 580,754	\$ 344,850
Net earnings per share:				
Basic	\$ 3.38	\$ 2.41	\$ 1.95	\$ 1.14
Diluted	\$ 3.36	\$ 2.39	\$ 1.94	\$ 1.14
Average shares outstanding:				
Basic	293,291	301,168	298,262	301,302
Diluted	295,075	303,406	299,842	303,330
Dividends declared per share	\$ 1.04	\$ 1.22	\$ 0.52	\$ 0.61

See notes to condensed consolidated financial statements.

Nucor Corporation Condensed Consolidated Balance Sheets (Unaudited)

(In thousands)

	June 28, 2008	Dec. 31, 2007
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 2,791,880	\$ 1,393,943
Short-term investments	-	182,450
Accounts receivable, net	2,611,590	1,611,844
Inventories	2,498,018	1,601,600
Other current assets	282,269	283,412
Total current assets	8,183,757	5,073,249
Property, plant and equipment, net	3,829,472	3,232,998
Goodwill	1,743,025	847,887
Other intangible assets, net	931,985	469,936
Other assets	304,217	202,052
Total assets	\$ 14,992,456	\$ 9,826,122
<u>Liabilities and stockholders' equity</u>		
Current liabilities:		
Short-term debt	\$ 1,439	\$ 22,868
Long-term debt due within one year	175,000	-
Accounts payable	1,826,777	691,668
Federal income taxes payable	45,019	-
Salaries, wages and related accruals	435,464	436,352
Accrued expenses and other current liabilities	485,011	431,148
Total current liabilities	2,968,710	1,582,036
Long-term debt due after one year	3,091,600	2,250,300
Deferred credits and other liabilities	702,757	593,423
Minority interests	315,368	287,446
Stockholders' equity:		
Common stock	149,566	149,302
Additional paid-in capital	1,606,541	256,406
Retained earnings	7,294,978	6,621,646
Accumulated other comprehensive income, net of income taxes	260,261	163,362
	9,311,346	7,190,716

Treasury stock	(1,397,325)	(2,077,799)
Total stockholders' equity	7,914,021	5,112,917
Total liabilities and stockholders' equity	\$ 14,992,456	\$ 9,826,122

See notes to condensed consolidated financial statements.

Nucor Corporation Condensed Consolidated Statements of Cash Flows (Unaudited)

(In thousands)

	Six Months (26 Weeks) Ended	
	June 28, 2008	June 30, 2007
Operating activities:		
Net earnings	\$ 990,508	\$ 725,879
Adjustments:		
Depreciation	231,232	196,149
Amortization	32,066	7,064
Stock-based compensation	31,148	23,386
Deferred income taxes	(66,881)	(52,976)
Minority interests	179,702	138,156
Settlement of derivative hedges	11,166	(3,873)
Changes in assets and liabilities (exclusive of acquisitions):		
Accounts receivable	(591,318)	(196,132)
Inventories	(570,570)	(144,500)
Accounts payable	494,549	203,970
Federal income taxes	123,517	5,462
Salaries, wages and related accruals	(14,505)	(142,558)
Other	(22,375)	(22,463)
Cash provided by operating activities	828,239	737,564
Investing activities:		
Capital expenditures	(501,669)	(198,674)
Sale of interest in affiliates	-	29,500
Investment in affiliates	(27,903)	(15,040)
Disposition of plant and equipment	6,551	740
Acquisitions (net of cash acquired)	(1,591,817)	(1,083,616)
Purchases of investments	(209,605)	(276,945)
Proceeds from the sale of investments	392,055	1,336,713
Proceeds from currency derivative contracts	1,441,862	517,241
Settlement of currency derivative contracts	(1,424,292)	(511,394)
Cash used in investing activities	(1,914,818)	(201,475)
Financing activities:		
Net change in short-term debt	(21,429)	(64,231)
Proceeds from the issuance of long-term debt	989,715	-
Issuance of common stock	1,994,565	9,895
Bond issuance costs	(6,937)	-
Excess tax benefits from stock-based compensation	9,200	9,500
Distributions to minority interests	(153,218)	(149,857)
Cash dividends	(327,380)	(365,836)
Acquisition of treasury stock	-	(136,755)
Cash provided by (used in) financing activities	2,484,516	(697,284)
Increase (decrease) in cash and cash equivalents	1,397,937	(161,195)

Cash and cash equivalents - beginning of year		1,393,943		785,651
Cash and cash equivalents - end of six months	\$	2,791,880	\$	624,456

See notes to condensed consolidated financial statements.

5

Nucor Corporation - Notes to Condensed Consolidated Financial Statements (Unaudited)

1. BASIS OF INTERIM PRESENTATION: The information furnished in Item I reflects all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods and are of a normal and recurring nature. The information furnished has not been audited; however, the December 31, 2007 condensed consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America. The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in Nucor's annual report for the fiscal year ended December 31, 2007. Certain amounts for the prior year have been reclassified to conform to the 2008 presentation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: *Inventories Valuation* - Inventories are stated at the lower of cost or market. Inventories valued using the last-in, first-out (LIFO) method of accounting represent approximately 51% of total inventories as of June 28, 2008 (60% as of December 31, 2007). All inventories held by the parent company and Nucor-Yamato Steel Company are valued using the LIFO method of accounting except for supplies that are consumed indirectly in the production process, which are valued using the FIFO method of accounting. All inventories held by the parent company's other subsidiaries are valued using the FIFO method of accounting.

Accounting Pronouncements Recently Adopted - Effective January 1, 2008, Nucor adopted FASB Statement No. 157, "Fair Value Measurements" ("SFAS 157"), as it applies to financial assets and liabilities, which defines fair value, establishes a framework for measuring fair value and expands disclosures. The adoption of SFAS 157 for financial assets and liabilities did not have a material impact on our consolidated financial statements. See Note 11 for additional information regarding the adoption of this standard.

Recent Accounting Pronouncements - In December 2007, the FASB issued Statement No. 141 (revised 2007), "Business Combinations" ("SFAS 141R"), and Statement No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of Accounting Research Bulletin No. 51" ("SFAS 160"). SFAS 141R establishes principles and requirements for how an acquirer recognizes and measures the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree and the goodwill acquired. SFAS 160 outlines the accounting and reporting for ownership interest in a subsidiary held by parties other than the parent. SFAS 141R and SFAS 160 are effective for Nucor in 2009. Management is currently evaluating the impact of these statements.

In March 2008, the FASB issued Statement No. 161, "Disclosures about Derivative Instruments and Hedging Activities" (SFAS 161), which is effective for Nucor in 2009. SFAS 161 amends SFAS 133, "Accounting for Derivative Instruments and Hedging Activities" and requires enhanced disclosures about a company's derivative and hedging activities. This standard is not expected to have a material impact on Nucor's consolidated financial statements.

3. ACQUISITIONS: On February 29, 2008, Nucor completed the acquisition of the stock of SHV North America Corporation, which owns 100% of The David J. Joseph Company ("DJJ") and related affiliates, for a purchase price of approximately \$1.44 billion. DJJ has been the broker of ferrous scrap for Nucor since 1969. In addition to its scrap processing and brokerage operations, DJJ owns over 2,000 scrap-related railcars and provides complete fleet management and logistics services to third parties.

Since scrap is Nucor's largest single cost, the acquisition of DJJ provides an ideal growth platform for Nucor to expand our direct ownership in the steel scrap supply chain and further our raw materials strategy. The acquisition of DJJ's scrap processing assets provides a partial hedge to our steel mills against scrap market

volatility.

6

We have preliminarily allocated the purchase price to the individual assets acquired and liabilities assumed. Our valuations are subject to adjustment as additional information is obtained; however, these adjustments are not expected to be material. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed of DJJ as of the date of acquisition (in thousands):

Current assets	\$ 758,748
Property, plant and equipment	288,440
Goodwill	835,608
Other intangible assets	449,167
Other assets	6,211
Total assets acquired	2,338,174
Current liabilities	(695,520)
Long-term debt	(16,300)
Deferred credits and other liabilities	(182,747)
Total liabilities assumed	(894,567)
Net assets acquired	\$ 1,443,607

The preliminary purchase price allocation to the identifiable intangible assets is as follows (in thousands, except years):

		Weighted - Average Life
Customer relationships	\$ 389,200	20 years
Trade names	56,200	20 years
Other	3,767	18 years
	\$ 449,167	20 years

The majority of the goodwill has been preliminarily allocated to the raw materials segment (see Note 6).

The results of DJJ have been included in the consolidated financial statements from the date of acquisition. Unaudited pro forma operating results for Nucor, assuming the acquisition of DJJ occurred at the beginning of each period are as follows (in thousands, except per share data):

	Six Months (26 Weeks) Ended		Three Months (13 Weeks) Ended	
	June 28, 2008	June 30, 2007	June 28, 2008	June 30, 2007
Net sales	\$ 12,513,855	\$ 8,974,870	\$ 7,090,599	\$ 4,685,239
Net earnings	1,002,269	751,939	580,754	356,389
Net earnings per share:				
Basic	\$ 3.42	\$ 2.50	\$ 1.95	\$ 1.18
Diluted	\$ 3.40	\$ 2.48	\$ 1.94	\$ 1.17

At the beginning of the second quarter of 2008, Nucor acquired substantially all the assets of Metal Recycling Services Inc. ("MRS") for approximately \$57.0 million. Based in Monroe, North Carolina, MRS, which will become part of DJJ, operates a full-service processing facility and two feeder yards. In April 2008, DJJ acquired substantially all the assets of Galamba Metals Group, which will operate under the Advantage Metals Recycling, LLC ("AMR") name, for approximately \$112.6 million. AMR operates 16 full-service scrap processing facilities in Kansas, Missouri and Arkansas. The cash purchase price of these two acquisitions resulted in

goodwill of approximately \$54.8 million that has been allocated to the raw materials segment. The purchase price also includes approximately \$48.5 million of identifiable intangibles, primarily customer relationships that are being amortized over 20 years.

4. INVENTORIES: Inventories consist of approximately 56% raw materials and supplies and 44% finished and semi-finished products at June 28, 2008 (43% and 57%, respectively, at December 31, 2007). Nucor's manufacturing process consists of a continuous, vertically integrated process from which products are sold to customers at various stages. Since most steel products can be classified as either finished or semi-finished products, these two categories of inventory are combined.

If the first-in, first-out (FIFO) method of accounting had been used, inventories would have been \$864.5 million higher at June 28, 2008 (\$581.5 million higher at December 31, 2007).

5. PROPERTY, PLANT AND EQUIPMENT: Property, plant and equipment is recorded net of accumulated depreciation of \$4.14 billion at June 28, 2008 (\$3.92 billion at December 31, 2007).

6. GOODWILL AND OTHER INTANGIBLE ASSETS: The change in the net carrying amount of goodwill for the six months ended June 28, 2008 by segment is as follows (in thousands):

	Steel Mills	Steel Products	Raw Materials	All Other	Total
Balance at December 31, 2007	\$ 2,007	\$ 786,491	\$ -	\$ 59,389	\$ 847,887
Acquisitions	-	8,383	890,442	-	898,825
Purchase price adjustments of previous acquisitions	-	2,566	-	-	2,566
Translation	-	(6,253)	-	-	(6,253)
Balance at June 28, 2008	\$ 2,007	\$ 791,187	\$ 890,442	\$ 59,389	\$ 1,743,025

Goodwill resulting from the acquisition of DJJ accounts for almost all of the increase in goodwill in the first half of 2008 and is presented based upon Nucor's preliminary purchase price allocation. The majority of goodwill is not tax deductible.

Intangible assets with estimated lives of five to 22 years are amortized on a straight-line or accelerated basis and are comprised of the following (in thousands):

	June 28, 2008		December 31, 2007	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Customer relationships	\$ 849,169	\$ 47,775	\$ 414,514	\$ 20,042
Trademarks and trade names	115,125	4,202	59,431	1,746
Other	27,868	8,200	24,102	6,323
	\$ 992,162	\$ 60,177	\$ 498,047	\$ 28,111

Intangible asset amortization expense was \$32.1 million and \$7.1 million in the first six months of 2008 and 2007, respectively, and was \$18.7 million and \$5.1 million in the second quarter of 2008 and 2007, respectively.

Annual amortization expense is estimated to be \$68.8 million in 2008; \$70.4 million in 2009; \$66.0 million in 2010; \$62.3 million in 2011; and \$59.0 million in 2012.

7. CURRENT LIABILITIES: Book overdrafts, included in accounts payable in the balance sheet, were \$248.3 million at June 28, 2008 (none at December 31, 2007). Dividends payable, included in accrued expenses and other current liabilities in the balance sheet, were \$166.3 million at June 28, 2008 (\$176.5 million at December 31, 2007).

8. DEBT AND OTHER FINANCING ARRANGEMENTS: In June 2008, Nucor issued \$1.00 billion in debt in three tranches: \$250 million 5% notes due 2013, \$500 million 5.85% notes due 2018 and \$250 million 6.4% notes due 2037. Net proceeds of the issuance were \$982.8 million. Discount and issuance costs of \$17.2 million have been capitalized related to this debt and are amortized over the respective lives of the notes.

During the first six months of 2008, Nucor issued and repaid \$800 million of commercial paper, which had maturities up to 90 days.

In June 2008, Nucor received increased commitments under its existing five-year unsecured revolving credit facility to provide for up to \$1.3 billion in revolving loans. The multi-year revolving credit agreement matures in November 2012 and was amended in June to allow up to \$200 million in additional commitments at Nucor's election in accordance with the terms set forth in the credit agreement. No borrowings were outstanding under the credit facility as of June 28, 2008.

9. CAPITAL STOCK: In May 2008, Nucor completed a public offering of 27,667,580 common shares at an offering price of \$74.00 per share. Net proceeds of the offering were approximately \$1.99 billion, after deducting underwriting discounts and commissions and offering expenses.

10. DERIVATIVES: Nucor uses derivative financial instruments from time-to-time primarily to partially manage its exposure to price risk related to natural gas purchases used in the production process as well as copper and aluminum purchased for resale to its customers. In addition, Nucor uses derivatives from time-to-time to partially manage its exposure to changes in interest rates on outstanding debt instruments and uses forward foreign exchange contracts to hedge cash flows associated with certain assets and liabilities, firm commitments and anticipated transactions.

Nucor recognizes all derivative instruments in the condensed consolidated balance sheets at fair value. Any resulting changes in fair value would be recorded as adjustments to other comprehensive income (loss), net of tax, or recognized in net earnings, as appropriate.

In the first half of 2008, the Company entered into a series of forward foreign currency contracts in order to mitigate the risk of currency fluctuation on the anticipated joint venture with the Duferco Group. These contracts had a notional value of €423.5 million and matured in the second quarter of 2008 resulting in gains of \$17.6 million. There were no outstanding forward foreign currency contracts at June 28, 2008.

Of the total \$153.6 million fair value of commodity contracts at June 28, 2008, \$82.3 million is recorded in other current assets, \$75.2 million is recorded in other assets and \$3.9 million is recorded in accrued expenses and other current liabilities. Of the total \$6.1 million fair value of commodity contracts at December 31, 2007, \$10.5 million is included in other assets and \$4.4 million is recorded in accrued expenses and other current liabilities.

11. FAIR VALUE MEASUREMENTS: Effective January 1, 2008, Nucor adopted SFAS 157 as described in Note 2. SFAS 157 is effective for Nucor in 2008 for financial assets and liabilities and effective for non-financial assets and liabilities in 2009. The implementation of SFAS 157 for financial assets and liabilities did not have a material impact on our consolidated financial statements. Management has not yet determined the impact from the adoption of SFAS 157 as it pertains to non-financial assets and liabilities.

The following table summarizes information regarding Nucor's financial assets and financial liabilities that are measured at fair value as of June 28, 2008 (in thousands):

Fair Value Measurements at Reporting Date Using

Description	Carrying Amount in Consolidated Balance Sheet	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	\$ 1,688,772	\$ 1,688,772	\$ -	\$ -
Derivatives	152,577	-	152,577	-
	\$ 1,841,349	\$ 1,688,772	\$ 152,577	\$ -

Nucor uses derivatives from time to time to mitigate the effect of natural gas cost fluctuations, foreign currency fluctuations, interest rate movements, and price fluctuations of aluminum and copper purchased for resale to its customers. Fair value measurements for Nucor's cash equivalents are classified under Level 1 because such measurements are based on quoted market prices in active markets for identical assets. Fair value measurements for Nucor's derivatives are classified under Level 2 because such measurements are based on published market prices for similar assets or are estimated based on observable inputs such as interest rates, yield curves, spot and future commodity prices and spot and future exchange rates.

12. CONTINGENCIES: Nucor is subject to environmental laws and regulations established by federal, state and local authorities and makes provision for the estimated costs related to compliance. Of the undiscounted total of \$29.7 million of accrued environmental costs at June 28, 2008 (\$19.9 million at December 31, 2007), \$10.7 million was classified in accrued expenses and other current liabilities (\$16.6 million at December 31, 2007) and \$19.0 million was classified in deferred credits and other liabilities (\$3.3 million at December 31, 2007).

Other contingent liabilities with respect to product warranties, legal proceedings and other matters arise in the normal course of business. In the opinion of management, no such matters exist which would have a material effect on the consolidated financial statements.

13. STOCK-BASED COMPENSATION: *Stock Options* - A summary of activity under Nucor's stock option plans for the six months ended June 28, 2008 is as follows (in thousands, except year and per share amounts):

	Shares	Weighted - Average Exercise Price	Weighted - Average Remaining Contractual Life	Aggregate Intrinsic Value
Number of shares under option:				
Outstanding at beginning of year	1,852	\$ 20.37		
Exercised	(421)	20.51		\$ 20,930
Canceled	-	-		
	1,431	\$ 20.33	2.8 Years	\$ 78,027

**Outstanding at June
28, 2008**

**Options exercisable at
June 28, 2008**

1,431	\$	20.33	2.8 Years	\$	78,027
--------------	-----------	--------------	------------------	-----------	---------------

10

As of March 1, 2006 all outstanding options were vested; therefore, no compensation expense related to stock options was recorded in the first six months of 2008 or 2007. The amount of cash received from the exercise of stock options totaled \$8.6 million and \$2.5 million in the first half and second quarter of 2008, respectively.

Restricted Stock Awards - Nucor's Senior Officers Annual Incentive Plan (the "AIP") and Long-Term Incentive Plan (the "LTIP") authorize the award of shares of common stock to officers subject to certain conditions and restrictions. The LTIP provides for the award of shares of restricted common stock at the end of each LTIP performance measurement period at no cost to officers if certain financial performance goals are met during the period. One-third of the LTIP restricted stock award vests upon each of the first three anniversaries of the award date or, if earlier, upon the officer's attainment of age fifty-five while employed by Nucor. Although participants are entitled to cash dividends and may vote such awarded shares, the sale or transfer of such shares is limited during the restricted period.

The AIP provides for the payment of annual cash incentive awards. An AIP participant may elect, however, to defer payment of up to one-half of an annual incentive award. In such event, the deferred AIP award is converted into common stock units and credited with a deferral incentive, in the form of additional common stock units, equal to 25% of the number of common stock units attributable to the deferred AIP award. Common stock units attributable to deferred AIP awards are fully vested. Common stock units credited as a deferral incentive vest upon the AIP participant's attainment of age fifty-five while employed by Nucor. Vested common stock units are paid to AIP participants in the form of shares of common stock following their termination of employment with Nucor.

A summary of Nucor's restricted stock activity under the AIP and LTIP for the first six months of 2008 is as follows (shares in thousands):

	Shares	Grant Date Fair Value
Restricted stock awards and units:		
Unvested at beginning of year	479	\$ 51.93
Granted	280	67.33
Vested	(379)	53.85
Canceled	-	-
Unvested at June 28, 2008	380	\$ 61.37
Shares reserved for future grants	1,987	

Compensation expense for common stock and common stock units awarded under the AIP and LTIP is recorded over the performance measurement and vesting periods based on the anticipated number and market value of shares of common stock and common stock units to be awarded. Compensation expense for anticipated awards based upon Nucor's financial performance, exclusive of amounts payable in cash, was \$9.4 million and \$9.0 million in the first half of 2008 and 2007, respectively, and was \$5.1 million and \$4.0 million in the second quarter of 2008 and 2007, respectively. At June 28, 2008, unrecognized compensation expense related to unvested restricted stock was \$6.6 million, which is expected to be recognized over a weighted-average period of 1.8 years.

Restricted Stock Units: Nucor annually grants restricted stock units ("RSUs") to key employees, officers and non-employee directors. The RSUs typically vest and are converted to common stock in three equal installments on each of the first three anniversaries of the grant date. A portion of the RSUs awarded to senior officers vest upon the officer's retirement. Retirement, for purposes of vesting in these units only, means termination of employment with approval of the Compensation and Executive Development Committee after satisfying age and years of service requirements. RSUs granted to non-employee directors are fully vested on

the grant date and are payable to the non-employee director in the form of common stock after the termination of the director's service on the board of directors.

RSUs granted to employees who are eligible for retirement on the date of grant or will become retirement-eligible prior to the end of the vesting term are expensed over the period through which the employee will become retirement-eligible since the awards vest upon retirement from the Company. Compensation expense for RSUs granted to employees who are not retirement-eligible is recognized on a straight-line basis over the vesting period. Cash dividend equivalents are paid to participants each quarter. Dividend equivalents paid on units expected to vest are recognized as a reduction in retained earnings.

The fair value of the RSUs is determined based on the closing stock price of Nucor's common stock on the day before the grant. A summary of Nucor's restricted stock unit activity for the first six months of 2008 is as follows (shares in thousands):

	Shares	Grant Date Fair Value
Restricted stock awards and units:		
Unvested at beginning of year	918	\$ 60.82
Granted	679	74.80
Vested	(439)	64.39
Canceled	(3)	60.67
Unvested at June 28, 2008	1,155	\$ 67.68
Shares reserved for future grants	17,007	

Compensation expense for RSUs was \$21.7 million and \$14.4 million in the first half of 2008 and 2007, respectively, and was \$16.4 million and \$11.8 million in the second quarter of 2008 and 2007, respectively. As of June 28, 2008, there was \$68.9 million of total unrecognized compensation cost related to nonvested RSUs, which is expected to be recognized over a weighted-average period of 2.1 years.

14.EMPLOYEE BENEFIT PLAN: Nucor has a Profit Sharing and Retirement Savings Plan for qualified employees. Nucor's expense for these benefits was \$156.1 million and \$117.0 million in the first half of 2008 and 2007, respectively, and was \$88.3 million and \$54.3 million in the second quarter of 2008 and 2007, respectively.

15.INTEREST EXPENSE (INCOME): The components of net interest (income) expense are as follows (in thousands):

	Six Months (26 Weeks) Ended		Three Months (13 Weeks) Ended	
	June 28, 2008	June 30, 2007	June 28, 2008	June 30, 2007
Interest expense	\$ 64,072	\$ 26,243	\$ 34,288	\$ 15,701
Interest income	(18,993)	(30,426)	(7,554)	(10,722)
Interest expense (income), net	\$ 45,079	\$ (4,183)	\$ 26,734	\$ 4,979

16.INCOME TAXES: The Internal Revenue Service ("IRS") is currently examining Nucor's 2005 and 2006 federal income tax returns. Management believes that the Company has adequately provided for any adjustments that may arise from this audit. Nucor has substantially concluded U.S. federal income tax matters for years through 2004. The 2007 tax year is open to examination by the IRS. The tax years 2003 through 2007 remain open to examination by other major taxing jurisdictions to which Nucor is subject.

17.COMPREHENSIVE INCOME: The components of total comprehensive income are as follows (in thousands):

	Six Months (26 Weeks) Ended		Three Months (13 Weeks) Ended	
	June 28, 2008	June 30, 2007	June 28, 2008	June 30, 2007
Net earnings	\$ 990,508	\$ 725,879	\$ 580,754	\$ 344,850
Net unrealized gain (loss) on hedging derivatives, net of income taxes	102,796	5,216	67,040	(6,700)
Reclassification adjustment for (gain) loss on settlement of hedging derivatives included in net income, net of income taxes	(7,066)	2,484	(7,249)	1,500
Foreign currency translation gain, net of income taxes	1,170	31,502	13,975	29,016
Other	-	3,208	-	-
Total comprehensive income	\$ 1,087,408	\$ 768,289	\$ 654,520	\$ 368,666

18.SEGMENTS: Nucor reports its results in the following segments: steel mills, steel products and raw materials. The steel mills segment includes carbon and alloy steel in sheet, bars, structural and plate. The steel products segment includes steel joists and joist girders, steel deck, fabricated concrete reinforcing steel, cold finish steel, steel fasteners, metal building systems, light gauge steel framing, steel grating and expanded metal, and wire and wire mesh. The raw materials segment includes DJJ, the scrap broker and processor that Nucor acquired on February 29, 2008; Nu-Iron Unlimited, a facility that produces direct reduced iron used by the steel mills; and certain equity method investments. The “All other” category primarily includes Novosteel S.A., a steel trading business of which Nucor owns 75%. The segments are consistent with the way Nucor manages its business, which is primarily based upon the similarity of the types of products produced and sold by each segment.

Interest expense, minority interests, other income, profit sharing expense and changes in the LIFO reserve and environmental accruals are shown under Corporate/eliminations. Corporate assets primarily include cash and cash equivalents, short-term investments, deferred income tax assets and investments in affiliates.

The company's results by segment were as follows (in thousands):

	Six Months (26 Weeks) Ended		Three Months (13 Weeks) Ended	
	June 28, 2008	June 30, 2007	June 28, 2008	June 30, 2007
Net sales to external customers:				
Steel mills	\$ 8,652,590	\$ 6,609,410	\$ 4,893,137	\$ 3,336,156
Steel products	2,004,778	1,232,791	1,119,271	748,759
Raw materials	1,162,258	-	927,029	-
All other	245,242	94,794	151,162	83,195
	\$ 12,064,868	\$ 7,936,995	\$ 7,090,599	\$ 4,168,110

Intercompany sales:

Steel mills	1,062,744	\$ 575,766	\$ 576,189	\$ 320,614
Steel products	20,971	14,985	12,673	8,783
Raw materials	3,670,566	139,750	3,002,239	76,943
All other	2,191	11,336	1,849	11,055
Corporate/eliminations	(4,756,472)	(741,837)	(3,592,950)	(417,395)
	\$ -	\$ -	\$ -	\$ -

Earnings before income taxes:

Steel mills	\$ 1,839,866	\$ 1,402,794	\$ 1,040,582	\$ 667,465
Steel products	150,449	120,748	100,263	71,223
Raw materials	132,200	(11,379)	115,624	(12,949)
All other	20,216	2,104	17,448	1,923
Corporate/eliminations	(643,782)	(391,886)	(397,815)	(194,948)
	\$ 1,498,949	\$ 1,122,381	\$ 876,102	\$ 532,714

	June 28, 2008	Dec. 31, 2007
Segment assets:		
Steel mills	\$ 6,264,380	\$ 5,134,277
Steel products	3,219,514	2,938,964
Raw materials	3,548,611	465,105
All other	187,547	182,840
Corporate/eliminations	1,772,404	1,104,936
	\$ 14,992,456	\$ 9,826,122

19. EARNINGS PER SHARE: The computations of basic and diluted net earnings per share are as follows (in thousands, except per share amounts):

	Six Months (26 Weeks) Ended June 28, 2008		Three Months (13 Weeks) Ended June 28, 2008		June 30, 2007								
Basic net earnings per share:													
Basic net earnings	\$	990,508	\$	725,879	\$	580,754	\$	344,850					
Average shares outstanding						293,291	301,168	298,262	301,302				
Basic net earnings per share						\$	3.38	\$	2.41	\$	1.95	\$	1.14
Diluted net earnings per share:													
Diluted net earnings	\$	990,508	\$	725,879	\$	580,754	\$	344,850					
Diluted average shares outstanding:													
Basic shares outstanding	293,291		301,168		298,262		301,302						
Dilutive effect of stock options and other						1,784	2,238	1,580	2,028				
						295,075	303,406	299,842	303,330				
Diluted net earnings per share						\$	3.36	\$	2.39	\$	1.94	\$	1.14

20. SUBSEQUENT EVENT: In July 2008, Nucor completed the acquisition of 50% of the stock of Duferdofin - Nucor S.r.l., for the purchase price of €423.5 million (approximately \$658 million). The company will operate from its current headquarters in San Zeno, Italy. Duferdofin - Nucor S.r.l. operates a steel melting and bloom/billet caster in San Zeno as well as rolling mills in Pallanzeno and Giammoro. This joint venture increases Nucor's international presence and enables the Company to serve the growing markets for structural shapes in Southern Europe and North Africa.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain statements made in this quarterly report are forward-looking statements that involve risks and uncertainties. These forward-looking statements reflect the Company's best judgment based on current information, and although we base these statements on circumstances that we believe to be reasonable when made, there can be no assurance that future events will not affect the accuracy of such forward-looking information. As such, the forward-looking statements are not guarantees of future performance, and actual results may vary materially from the results and expectations discussed in this report. Factors that might cause the Company's actual results to differ materially from those anticipated in forward-looking statements include, but are not limited to: (1) the sensitivity of the results of our operations to volatility in steel prices and changes in the supply and cost of raw materials, including scrap steel; (2) availability and cost of electricity and natural gas; (3) market demand for steel products, which, in the case of many of our products, is driven by the level of non-residential construction activity in the U.S.; (4) competitive pressure on sales and pricing, including pressure from imports and substitute materials; (5) uncertainties surrounding the global economy, including excess world capacity for steel production and fluctuations in currency conversion rates; (6) U.S. and foreign trade policy affecting steel imports or exports; (7) significant changes in government regulations affecting environmental compliance; (8) the cyclical nature of the steel industry; (9) capital investments and their impact on our performance; and (10) our safety performance.

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements included elsewhere in this report, as well as the audited consolidated financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Nucor's Annual Report on Form 10-K for the year ended December 31, 2007.

Overview

Nucor and affiliates are manufacturers of steel products, with operating facilities primarily in the U.S. and Canada. The steel mills segment produces carbon and alloy steel in bars, beams, sheet and plate. The steel products segment produces steel joists and joist girders; steel deck; fabricated concrete reinforcing steel; cold finished steel; steel fasteners; metal building systems; light gauge steel framing; steel grating and expanded metal; and wire and wire mesh. The raw materials segment produces direct reduced iron used by the steel mills; brokers ferrous and nonferrous metals, pig iron and HBI/DRI; supplies ferro-alloys; and processes ferrous and nonferrous scrap. Nucor is North America's largest recycler.

In February 2008, Nucor completed its acquisition of the stock of SHV North America Corporation, which owns 100% of The David J. Joseph Company and related affiliates, for a purchase price of approximately \$1.44 billion. DJJ now operates as a wholly owned subsidiary of Nucor Corporation and is headquartered in Cincinnati, Ohio. The principal activities of DJJ, which has been the broker of ferrous scrap to Nucor since 1969, include the operation of scrap recycling facilities (processing); brokerage services for scrap, ferro-alloys, pig iron and scrap substitutes; mill and industrial services; and rail and logistics services. DJJ has been included in Nucor's raw materials segment.

Since scrap is Nucor's largest single cost, the acquisition of DJJ provides an ideal growth platform for Nucor to expand our direct ownership in the steel scrap supply chain and further our raw materials strategy. In the second quarter of 2008, Nucor acquired substantially all the assets of Metal Recycling Services Inc. ("MRS") for approximately \$57.0 million. Based in Monroe, North Carolina, MRS, which is managed by DJJ, operates a full-service processing facility and two feeder yards. In April 2008, DJJ acquired substantially all the assets of Galamba Metals Group, which will operate under the Advantage Metals Recycling, LLC ("AMR") name, for approximately \$112.6 million. AMR operates 16 full-service scrap processing facilities in Kansas, Missouri and Arkansas. The acquisition of these scrap processing assets provide a partial hedge to our steel mills against

scrap market volatility.

Steel production was 11,874,000 tons in the first half of 2008, compared with 11,103,000 tons produced in the first half of 2007, an increase of 7%. Total steel shipments increased 9% to 12,068,000 tons in the first half of 2008, compared with 11,067,000 tons in last year's first half. Steel sales to outside customers increased 5% to 10,597,000 tons in the first half of 2008, compared with 10,119,000 tons in last year's first half. In March 2007 Nucor acquired a large customer, Harris Steel Group Inc. ("Harris"), causing a shift from outside sales tons to inside sales tons. If Nucor continues to acquire downstream businesses, the percentage of our steel production sold to inside customers may continue to increase.

In the steel products segment, steel joist production during the first half of 2008 was 272,000 tons, compared with 265,000 tons in the first half of 2007, an increase of 3%. Steel deck sales were 255,000 tons in the first half of 2008, compared with 232,000 tons in last year's first half, an increase of 10%. Cold finished steel sales increased 35% to 279,000 tons in the first half of 2008, compared with 206,000 tons in the first half of 2007. Sales of fabricated concrete reinforcing steel increased from 204,000 in the first half of 2007 to 411,000 tons in the first half of 2008.

The average utilization rates of all operating facilities in the steel mills, steel products and raw materials segments were approximately 94%, 75% and 87%, respectively, in the first half of 2008, compared with 88%, 77% and 76%, respectively, in the first half of 2007.

Results of Operations

Net Sales Net sales to external customers by segment for the first six months and second quarter of 2008 and 2007 were as follows:

	Six Months (26 Weeks) Ended			Three Months (13 Weeks) Ended		
	June 28, 2008	June 30, 2007	% Change	June 28, 2008	June 30, 2007	% Change
Steel mills	\$ 8,652,590	\$ 6,609,410	31%	\$ 4,893,137	\$ 3,336,156	47%
Steel products	2,004,778	1,232,791	63%	1,119,271	748,759	49%
Raw materials	1,162,258	-	-	927,029	-	-
All other	245,242	94,794	159%	151,162	83,195	82%
Net sales	\$ 12,064,868	\$ 7,936,995	52%	\$ 7,090,599	\$ 4,168,110	70%

Net sales for the first half of 2008 increased 52% from last year's first half due to a 21% increase in average sales price per ton from \$704 in the first half of 2007 to \$850 in the first half of 2008 and a 26% increase in total tons shipped to outside customers.

The 31% increase in sales for the first six months of 2008 in the steel mills segment was primarily attributable to the \$164 per ton (25%) increase in average realized prices from the same period last year. In addition, steel sales to outside customers increased 5% from the first half of 2007 to the first half of 2008.

The 63% increase in the steel products segment's sales for the first half of the year resulted primarily from an increase of approximately 45% in shipments. The higher volume of shipments is mainly attributable to the acquisition of Harris in March 2007 and Magnatrax Corporation in August 2007. Subsequent to its acquisition by Nucor, Harris has continued to grow its rebar fabrication business by acquiring other rebar fabrication companies, which also contributed to the rise in shipments. The increased sales for this segment were also due to a 13% increase in average sales price per ton.

In the raw materials segment, approximately 76% of outside sales in the first half of 2008 were from the brokerage operations of DJJ and approximately 22% of the outside sales were from the scrap processing facilities. Prior to the acquisition of DJJ, there were no outside sales of raw materials.

The "All other" category includes Novosteel S. A., a steel trading business of which Nucor, through Harris, owns 75%. The 159% increase in sales for the first six months of 2008 over 2007 is due to Nucor owning the interest in Novosteel for six months in 2008 compared to approximately three months in 2007, combined with an increased sales price per ton.

Net sales for the second quarter of 2008 increased 70% from the second quarter of 2007. Average sales price per ton increased 24% from \$742 in the second quarter of 2007 to \$917 in the second quarter of 2008, while

total tons shipped to outside customers increased 38% over the same period last year. Net sales increased 43% from the first quarter of this year due to a 19% increase in average sales price per ton over the first quarter of 2008 and a 20% increase in total tons shipped to outside customers.

Net sales for the steel mills segment increased 47% over the second quarter of 2007 due to the \$225 (33%) increase in the average sales price per ton. Steel sales to outside customers also increased 10% from 4,890,000 tons in the second quarter of 2007 to 5,394,000 tons in the second quarter of 2008.

The 49% increase in the steel products segment's sales for the second quarter was due to a 30% increase in shipments, primarily attributable to acquisitions, as well as a 15% increase in the average sales price per ton.

In the second quarter of 2008, approximately 78% of outside sales in the raw materials segment were from the brokerage operations of DJJ and approximately 21% of the outside sales were from the scrap processing facilities.

Gross Margins For the first half of 2008, Nucor recorded gross margins of \$2.11 billion (18%), compared to \$1.54 billion (19%) in the first half of 2007. The year-over-year dollar increase was the result of increased average sales price per ton for most products, the 5% increase in steel shipments to outside customers and the significant acquisitions made by Nucor in the last 18 months. The decrease in our gross margin percentage was due principally to the following factors:

- The cost of raw materials, including scrap and energy, continued to escalate. In the steel mills segment, the average price of raw materials used increased approximately 43% from the first half of 2007 to the first half of 2008, primarily due to the increased cost of scrap, our main raw material. The average scrap and scrap substitute cost per ton used in the first half of 2008 was \$396, an increase of 44% compared with \$275 in the first half of 2007. Energy costs increased \$5 per ton over the prior year period. In the steel products segment, the average price of raw materials used increased approximately 17% from the first half of 2007 to the first half of 2008.
- As a result of these increased raw material and energy costs, Nucor incurred a record LIFO charge of \$283.0 million in the first half of 2008, compared with a charge of \$91.0 million in the first half of 2007. (LIFO charges for interim periods are based on management's estimates of both inventory prices and quantities at year-end. The actual amounts will likely differ from these estimated amounts, and such differences may be significant.)
- DJJ's business of collecting and processing ferrous and non-ferrous materials for resale typically operates at lower margins than Nucor has historically experienced as a manufacturer of steel and steel products.
- Pre-operating and start-up costs of new facilities increased from \$25.0 million in the first half of 2007 to \$45.0 million in the first half of 2008. In 2008 and 2007, these costs primarily related to the HIs melt project in Kwinana, Australia, the construction of the SBQ mill in Memphis, Tennessee, the start-up of our building systems facility in Brigham City, Utah and the Castrip® project in Blytheville, Arkansas.

For the second quarter of 2008, Nucor recorded gross margins of \$1.21 billion (17%), compared to \$764.2 million (18%) in the second quarter of 2007. The year-over-year dollar increase was the result of increased average sales price per ton for most products, the 10% increase in steel shipments to outside customers and the significant acquisitions made by Nucor in the last 18 months. The decrease in our gross margin percentage was due principally to the following factors:

- In the steel mills segment, the average price of raw materials used increased approximately 56% from the second quarter of 2007 to the second quarter of 2008, primarily due to the increased cost of scrap. The average scrap and scrap substitute cost per ton used was \$456 in the second quarter of 2008, an increase of 57% compared with \$291 in the second quarter of 2007. Energy costs increased \$5 per ton over the prior year period. In the steel products segment, the average price of raw materials used increased approximately 32% from the second quarter of 2007 to the second quarter of 2008.
- Nucor incurred a record LIFO charge of \$214.0 million in the second quarter of 2008, compared with a charge of \$66.5 million in last year's second quarter. The LIFO expense in the second quarter of 2008 was greater than the total LIFO expense for all of 2007.

- DJJ's business of collecting and processing ferrous and non-ferrous materials for resale typically operates at lower margins than Nucor has historically experienced as a manufacturer of steel and steel products.
- Pre-operating and start-up costs of new facilities increased to \$22.1 million in the second quarter of 2008, compared with \$13.8 million in the second quarter of 2007.

Nucor's raw material surcharge has helped offset the impact of significantly more volatile scrap prices and allowed us to purchase the scrap needed to fill our customers' orders. Changes in scrap prices are based on changes in the global supply and demand for scrap, which is tied to the global supply and demand for steel products. Demand for scrap and other raw materials has risen sharply in recent years in response to increased demand, both domestically and internationally, for a wide range of products made from steel without a corresponding increase in the global supply of those raw materials. Our surcharges are based upon changes in widely-available market indices for prices of scrap and other raw materials. We monitor those market indices closely and make adjustments as needed, but generally on a monthly basis, to the surcharges and sometimes directly to the selling prices, for our products. The majority of our steel sales are to spot market customers who place their orders each month based on their business needs and our pricing competitiveness compared with both domestic and global producers and trading companies. We also include in all of our contracts a method of adjusting prices on a monthly basis to reflect changes in scrap prices. Contract sales typically have a term ranging from six months to two years. Although there will always be a timing difference between changes in the prices we pay for raw materials and the adjustments we make, we believe that the surcharge mechanism, which our customers understand is a necessary response by us to the market forces of supply and demand for our raw materials, continues to be an effective means of maintaining our margins.

Marketing, Administrative and Other Expenses The major components of marketing, administrative and other expenses are freight and profit sharing costs. Unit freight costs increased 11% in the first half of 2008 over the first half of 2007, and increased 16% from the second quarter of 2007 to the second quarter of 2008. Profit sharing costs, which are based upon and generally fluctuate with pre-tax earnings, increased approximately 34% in the first half of 2008 over the first half of 2007, and increased approximately 62% from the second quarter of 2007 to the second quarter of 2008. Profit sharing costs also fluctuate based on Nucor's achievement of certain financial performance goals, including comparisons of Nucor's financial performance to peers in the steel industry and to other high performing companies.

Interest Expense (Income) Net interest expense (income) for the first six months and second quarter of 2008 and 2007 was as follows:

	Six Months (26 Weeks) Ended		Three Months (13 Weeks) Ended	
	June 28, 2008	June 30, 2007	June 28, 2008	June 30, 2007
Interest expense	\$ 64,072	\$ 26,243	\$ 34,288	\$ 15,701
Interest income	(18,993)	(30,426)	(7,554)	(10,722)
Interest expense (income), net	\$ 45,079	\$ (4,183)	\$ 26,734	\$ 4,979

Gross interest expense increased from the first half of 2007 to the first half of 2008 due to an increase in average debt outstanding of approximately 175% accompanied by an increase in average interest rates from 4.7% to 5.0%. Nucor has issued \$2.3 billion in notes since the beginning of the fourth quarter of 2007. During the first six months of 2008, Nucor issued and repaid \$800 million of commercial paper. The interest rates on the \$2.3 billion in notes are higher than the rates on the majority of Nucor's pre-existing debt. Gross interest income decreased from the first half of 2007 to the first half of 2008 due to a 23% decrease in average investments combined with a decrease in the average interest rate earned on investments. Average investments decreased due to cash payments for acquisitions in 2007 and 2008 and repurchases of common stock during

2007. The decrease was partially offset near the end of the second quarter of 2008 by proceeds received from the issuance of stock and debt.

In the second quarter of 2008, gross interest expense increased over the prior year primarily due to the tripling of average debt outstanding. Gross interest income decreased mainly due to a decrease in the average interest rate earned on investments.

Minority Interests Minority interests represent the income attributable to the minority partners of Nucor's joint ventures, primarily Nucor-Yamato Steel Company ("NYS"), Novosteel S.A., and Barker Steel Company, Inc., of which Nucor owns 51%, 75% and 90%, respectively. The six-month and quarter increases in minority interests were primarily attributable to the increased earnings of NYS, which are due to the strength of the structural steel market. Under the NYS partnership agreement, the minimum amount of cash to be distributed each year to the partners is the amount needed by each partner to pay applicable U.S. federal and state income taxes.

Provision for Income Taxes Nucor had an effective tax rate of 33.9% in the first six months of 2008 compared with 35.3% in the first six months of 2007. The effective tax rate in the second quarter of 2008 was 33.7% compared with 35.3% in the second quarter of 2007. The rate decrease was primarily due to an increase in the rate benefit from foreign operations. The IRS is currently examining Nucor's 2005 and 2006 federal income tax returns. Management believes that the company has adequately provided for any adjustments that may arise from this audit.

Net Earnings and Return on Equity Net earnings and earnings per share in the first half of 2008 increased 36% and 41%, respectively, to a record \$990.5 million and \$3.36 per diluted share, compared with \$725.9 million and \$2.39 per diluted share in the first half of 2007. Net earnings as a percentage of net sales were 8% and 9%, respectively, in the first half of 2008 and 2007. Return on average stockholders' equity was approximately 30.8% and 29.2% in the first half of 2008 and 2007, respectively.

Net earnings and earnings per share in the second quarter of 2008 increased 68% and 70%, respectively, to a record \$580.8 million and \$1.94 per diluted share, compared with \$344.9 million and \$1.14 per diluted share in the second quarter of 2007. Net earnings as a percentage of net sales was 8% in both the second quarter of 2008 and 2007.

Outlook The outlook for the third quarter remains positive, as we expect continued strength in our sheet, plate, beam and bar businesses due to the solid global demand for steel. Although our downstream businesses will be challenged by rising steel prices, we expect continued good results from this segment.

Nucor's margins and overall profitability are affected by the global balance of supply and demand for steel, steel products and raw materials. Our margins have been much stronger since 2002 and 2003 when most domestic and global steel companies reported operating losses and many filed for bankruptcy. We believe our variable cost structure allowed us to survive those severely depressed market conditions as scrap prices fell dramatically and our incentive pay system reduced our hourly and salary payroll costs helping to offset lower selling prices. We recognize that the steel business is cyclical in nature and expect to see future changes in the balance of supply and demand impact our margins and profitability. We also recognize that the global demand for steel has been growing at close to 6% annually since 2000 reflecting the building of infrastructure in Brazil, Russia, India, China, the Middle East, Eastern Europe, Africa and other parts of Asia. We believe this growth in steel consumption is likely to last for at least several years as more of the world population becomes industrialized.

Liquidity and Capital Resources

The current ratio was 2.8 at the end of the first half of 2008 and 3.2 at year-end 2007. The percentage of long-term debt to total capital was 28% at the end of the first half of 2008 and 29% at year-end 2007. Accounts receivable and inventories increased 62% and 56%, respectively, since year-end due to the 61% increase in net sales over the fourth quarter of 2007.

Capital expenditures increased over 150% from \$198.7 million the first half of 2007 to \$501.7 million in the first half of 2008. Capital expenditures, excluding acquisitions, are projected to be over \$800 million for all of 2008.

In June, Nucor's board of directors declared the regular quarterly cash dividend on Nucor's common stock of \$0.32 per share and a supplemental cash dividend of \$0.20 per share. The total dividend of \$0.52 per share is payable on August 11, 2008 to stockholders of record on June 30, 2008.

Existing cash and cash equivalents and short-term investments of approximately \$1.44 billion funded the DJJ acquisition. In late May 2008, Nucor completed a public offering of 27,667,580 common shares at an offering price of \$74.00 per share. In early June, Nucor issued \$1.00 billion in debt with maturities from 2013 to 2037. We plan to use the approximately \$2.97 billion net proceeds after expenses from the common stock offering and the issuance of notes for general corporate purposes including acquisitions, capital expenditures, working capital requirements and repayment of debt.

Funds provided from operations, existing credit facilities and new borrowings are expected to be adequate to meet future capital expenditure and working capital requirements for existing operations for at least the next 24 months. Nucor believes it has the ability to raise additional funds as needed to finance acquisitions and maintain reasonable financial strength.

In June 2008, Nucor received increased commitments under its existing five-year unsecured revolving credit facility to provide for up to \$1.3 billion in revolving loans. The multi-year revolving credit agreement matures in November 2012 and was amended in June to allow up to \$200 million in additional commitments at Nucor's election in accordance with the terms set forth in the credit agreement. No borrowings were outstanding under the credit facility as of June 28, 2008.

Nucor has recently announced several major projects. In July 2008, Nucor completed the acquisition of 50% of the stock of Duferdofin - Nucor S.r.l., for the purchase price of €423.5 million (approximately \$658 million). The company will operate from its current headquarters in San Zeno, Italy. Duferdofin - Nucor S.r.l. operates a steel melting and bloom/billet caster in San Zeno as well as rolling mills in Pallanzeno and Giammoro. Total production in 2007 was approximately one million tons. A new merchant bar mill, which is expected to produce approximately 450,000 tons, is under construction at the Giammoro plant and is expected to be fully operational in late 2008.

In May 2008, Nucor applied for a permit to build a \$2 billion state-of-the-art iron-making facility in St. James Parish, Louisiana. Sites outside of the United States are still being considered, and the site selection and capital investment are subject to approval by Nucor's board of directors. The facility is expected to produce 3,000,000 tons of pig iron, employing the latest technologies to reduce emissions. If the project is ultimately built in the U.S., it would be the first domestic greenfield pig iron facility built in more than 30 years.

In June 2008, Nucor announced that its wholly owned subsidiary, Harris Steel, Inc., signed a Purchase Agreement to acquire all of the issued and outstanding common shares of Ambassador Steel Corporation ("Ambassador") for a cash purchase price of approximately \$185 million. Based in Auburn, Indiana, Ambassador is a fabricator and distributor of concrete reinforcing steel and related products. The transaction is expected to close during the third quarter of 2008 after satisfactory resolution of certain closing conditions.

Nucor also recently announced the signing of a memorandum of understanding with Sidenor S.A. to purchase a 34% share of a new joint venture that will be formed for the production and distribution of long steel products and plate in the Balkans, Turkey, Cyprus and North Africa. Final agreement to establish the joint venture is dependent upon execution of definitive agreements, completion of due diligence and approval of regulatory bodies and the boards of directors of both companies.

As of June 28, 2008, significant new commitments were entered into during the second quarter of 2008 with respect to the issuance of \$1.00 billion in debt with the following estimated payments (in thousands):

	Total	2008	2009 - 2010	2011 - 2012	2013 and thereafter
Long-term debt	\$ 1,000,000	\$ -	\$ -	\$ -	1,000,000
Interest on long-term debt	822,188	28,875	115,500	115,500	562,313
Total additional contractual obligations	\$ 1,822,188	\$ 28,875	\$ 115,500	\$ 115,500	1,562,313

There were no other significant changes to our contractual commitments as presented in our 2007 Annual Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

In the ordinary course of business, Nucor is exposed to a variety of market risks. We continually monitor these risks and develop appropriate strategies to manage them.

Interest Rate Risk - Nucor manages interest rate risk by using a combination of variable-rate and fixed-rate debt. Nucor also makes use of interest rate swaps to manage net exposure to interest rate changes. Management does not believe that Nucor's exposure to interest rate market risk has significantly changed since December 31, 2007.

Commodity Price Risk - In the ordinary course of business, Nucor is exposed to market risk for price fluctuations of raw materials and energy, principally scrap steel, other ferrous and nonferrous metals, alloys and natural gas. We attempt to negotiate the best prices for our raw materials and energy requirements and to obtain prices for our steel products that match market price movements in response to supply and demand. Nucor has a raw material surcharge designed to pass through the historically high cost of scrap steel and other raw materials. Our surcharge mechanism has worked effectively to reduce the normal time lag in passing through higher raw material costs so that we can maintain our gross margins.

Nucor also uses derivative financial instruments to hedge a portion of our exposure to price risk related to natural gas purchases used in the production process and to hedge a portion of our aluminum and copper purchases and sales. Gains and losses from derivatives designated as hedges are deferred in accumulated other comprehensive income (loss) on the condensed consolidated balance sheets and recognized into earnings in the same period as the underlying physical transaction. At June 28, 2008, accumulated other comprehensive income (loss) includes \$99.2 million in unrealized net-of-tax gains for the fair value of these derivative instruments. Changes in the fair values of derivatives not designated as hedges are recognized in earnings each period. The following table presents the negative effect on pre-tax income of a hypothetical change in the fair value of derivative instruments outstanding at June 28, 2008, due to an assumed 10% and 25% change in the market price of each of the indicated commodities (in thousands):

Commodity	10%	25%
Derivative	Change	Change
Natural gas	\$ 52,884	\$ 132,211
Aluminum	6,200	13,867
Copper	370	925

Any resulting changes in fair value would be recorded as adjustments to other comprehensive income (loss), net of tax, or recognized in net earnings, as appropriate. These hypothetical losses would be partially offset by the benefit of lower prices paid or higher prices received for the physical commodities.

Foreign Currency Risk - Nucor is exposed to foreign currency risk through its operations in Canada and Trinidad and its joint ventures in Australia and Italy. In the first half of 2008, the Company entered into forward foreign currency contracts in order to mitigate the risk of currency fluctuation on the anticipated joint venture with the Duferco Group of Lugano, Switzerland. These contracts had a notional value of €423.5 million and matured in the second quarter of 2008 resulting in gains of \$17.6 million. These contracts all settled during the second quarter of 2008.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures - As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective. During the first quarter of 2008, Nucor acquired DJJ (See Note 3 to the condensed financial statements included in Item 1). Nucor is in the process of incorporating these operations as part of our internal controls. Nucor has extended its Section 404 compliance program under the Sarbanes-Oxley Act of 2002 and the applicable rules and regulations under such Act to include DJJ. Nucor will report on its assessment of its combined operations within the time period provided by the Act and the applicable SEC rules and regulations concerning business combinations.

Changes in Internal Control Over Financial Reporting - There were no changes in our internal control over financial reporting during the quarter ended June 28, 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

There have been no material changes in Nucor's risk factors from those included in Nucor's annual report on Form 10-K.

Item 4. Submission of Matters to a Vote of Security Holders

At the annual meeting of stockholders held on May 9, 2008, the following actions were taken:

Two directors were elected for terms of three years expiring in 2011: 241,232,640 shares were voted for Peter C. Browning (10,150,644 withheld) and 245,970,817 shares were voted for Victoria F. Haynes (5,412,466 withheld). Clayton C. Daley, Jr., Daniel R. DiMicco, Harvey B. Gantt, James D. Hlavacek, Bernard L. Kasriel and John H. Walker continue to serve as directors of the Company.

The Audit Committee's selection of PricewaterhouseCoopers LLP to serve as Nucor's independent registered public accounting firm for the year ending December 31, 2008 was ratified by a vote of 247,136,716 for, 2,144,981 against and 2,101,577 abstaining.

The Annual and Long-term Senior Officers Incentive Compensation plans were approved by a vote of 238,273,291 for, 10,446,898 against and 2,663,079 abstaining.

A stockholder proposal to modify the standard for electing Nucor's directors was defeated by a vote of 103,094,137 for, 118,035,661 against and 2,940,132 abstaining.

Item 6. Exhibits

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
2	Stake Purchase by and among Nucor Corporation, Nucor European Holdings BV, and Duferco Participations Holding Ltd., Duferco Italia Holdings S.P.A., dated as of May 12, 2008
10	Senior Officers Annual Incentive Plan
10.1	Senior Officers Long-term Incentive Plan
12.1	Ratio of Earnings to Fixed Charges
31	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Nucor Corporation has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NUCOR CORPORATION

By: /s/ Terry S. Lisenby

Terry S. Lisenby
Chief Financial Officer, Treasurer
and Executive Vice President

Dated: August 5, 2008

NUCOR CORPORATION
List of Exhibits to Form 10-Q - June 28, 2008

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
2	Stake Purchase by and among Nucor Corporation, Nucor European Holdings BV, and Duferco Participations Holding Ltd., Duferco Italia Holdings S.P.A., dated as of May 12, 2008
10	Senior Officers Annual Incentive Plan
10.1	Senior Officers Long-term Incentive Plan
12.1	Ratio of Earnings to Fixed Charges
31	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002